

Overview of Financial Aid Programs

Instructor Guide

Objectives

- Define terms such as financial aid, cost of attendance, expected family contribution, and financial need.
- Discuss categories and types of aid.
- Provide information about common federal financial aid programs.
- Provide information about other forms of financial aid.

Materials

- Ice breaker quiz
- PowerPoint Presentation
- Instructor's Guide
- Other Student Assistance Programs

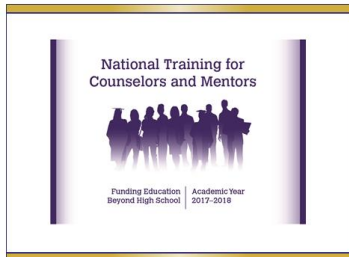
Trainer Tips

- This instructor's guide is just that, a guide. If you feel more comfortable teaching from the PowerPoint slides, for example, feel free to do so.
- Encourage participation by asking questions.
- Encourage participants to use each other as resources during the ice breaker quiz.

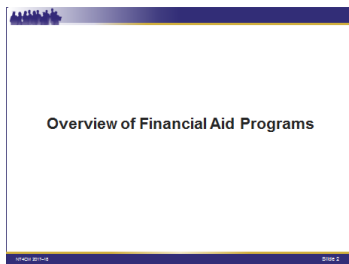
PowerPoint Outline

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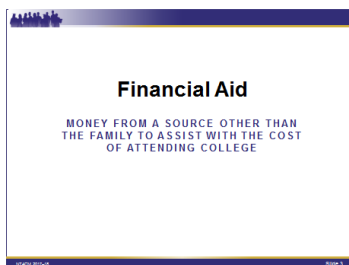
Slide 1



Slide 2



Slide 3



Content

Overview of Financial Aid Programs

Note to Instructor: This section of the materials provides a high level overview of various financial aid programs. Refer participants to the Student Aid Program Summary starting on page 5 of their materials for more detailed information about individual programs. Start by having participants complete the quiz, using their materials and each other as resources. Go through the questions as a group.

We will discuss:

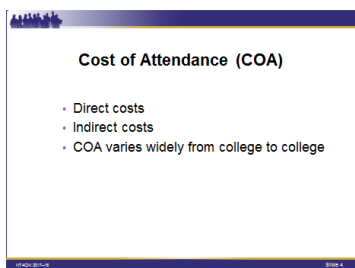
- What is financial aid
- Financial need
- Cost of attendance (COA)
- Expected Family Contribution (EFC)
- Categories and types of financial aid
- Sources of aid
- Title IV aid programs
- Other federal aid programs
- Other sources of aid

Financial Aid

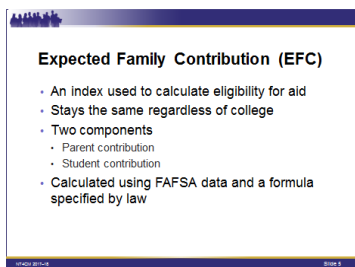
Financial aid is money supplied by a source other than the family to assist with the costs of a student attending college

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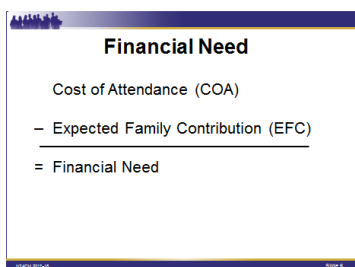
Slide 4



Slide 5



Slide 6



Content

Cost of Attendance

- Direct costs are costs paid to the college, such as tuition and fees, and on-campus room and board
- Indirect costs are personal and other expenses that are not paid to the college, such as off-campus room and board, books and supplies, and transportation
- Colleges combine direct and indirect expenses into the COA or student budget
- COA varies widely among different colleges and types of colleges

Expected Family Contribution

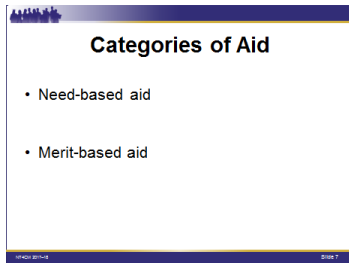
- An index used to calculate eligibility for aid
 - EFC is the same regardless of which college the student attends
 - Two components:
 - Parent contribution
 - Student contribution
 - Calculated using data from FAFSA and a formula specified by law
- Note to Instructor:** Calculating the EFC is discussed in more detail in the And the Number Is...module.

Financial Need

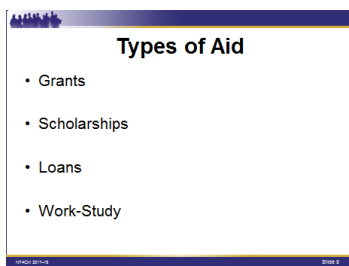
- Cost of Attendance (COA) minus the expected family contribution (EFC)
- Confusing, since some aid may replace the EFC
- COA minus gift aid (grants and scholarships) gives families an idea of the “bottom line”

Slide Thumbnail

Slide 7



Slide 8



Content

Categories of Aid

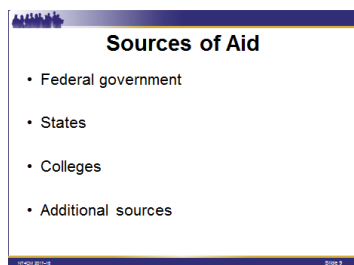
- Need-based aid
 - Student must demonstrate financial need
- Non need-based aid
 - Not based on financial need
 - Often given on the basis of special skills, talents, etc.

Types of Financial Aid

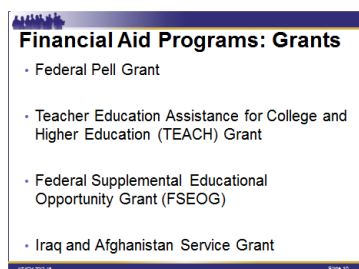
- Grants
 - Free money or gift aid
 - Does not have to be repaid
 - Often based on financial need
- Scholarships
 - Free money or gift aid
 - Does not have to be repaid
 - Based on academic achievement, athletic ability, skills, etc.
- Loans
 - Self-help aid
 - Must be paid back
- Work-Study
 - Self-help aid
 - Allows student to earn money to help pay for college expenses

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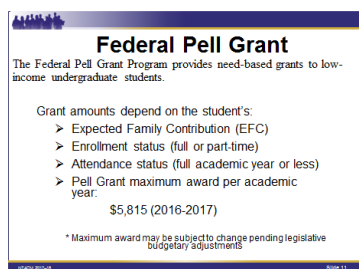
Slide 9



Slide 10



Slide 11



Content

Sources of Financial Aid

- Federal government
 - Largest source of aid
 - Most common sources are the Title IV programs
 - Funds appropriated every year by Congress
- States
 - Aid offered varies
 - Funds appropriated annually
 - Eligibility requirements vary
- Colleges
 - Funds come from the college and other donors
 - Awarded at college's discretion
- Additional Sources
 - Funds come from individuals or entities such as churches and civic clubs
 - Donors develop criteria and application process

Financial Aid Programs: Grants

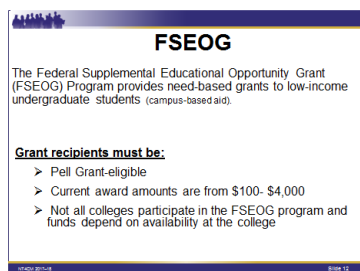
The federal government offers four types of grant programs: The Pell grant, TEACH grant, FSEOG grant & the Iraq Afghanistan Service grant

The Pell Grant

- Largest federal grant program
 - Need-based award that does not have to be repaid
 - Award amount based on enrollment status, COA, and EFC
- 2016-2017 maximum award amount: \$5,815

Slide Thumbnail

Slide 12



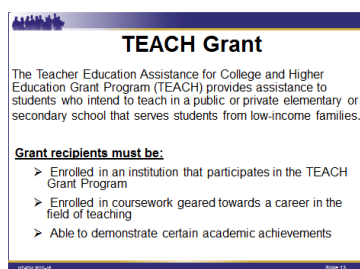
FSEOG

The Federal Supplemental Educational Opportunity Grant (FSEOG) Program provides need-based grants to low-income undergraduate students (campus-based aid).

Grant recipients must be:

- Pell Grant-eligible
- Current award amounts are from \$100- \$4,000
- Not all colleges participate in the FSEOG program and funds depend on availability at the college

Slide 13



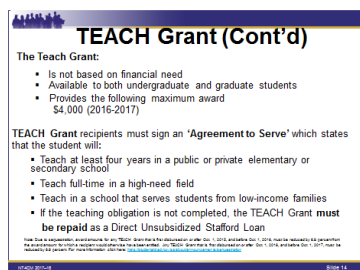
TEACH Grant

The Teacher Education Assistance for College and Higher Education Grant Program (TEACH) provides assistance to students who intend to teach in a public or private elementary or secondary school that serves students from low-income families.

Grant recipients must be:

- Enrolled in an institution that participates in the TEACH Grant Program
- Enrolled in coursework geared towards a career in the field of teaching
- Able to demonstrate certain academic achievements

Slide 14



TEACH Grant (Cont'd)

The Teach Grant:

- Is not based on financial need
- Available to both undergraduate and graduate students
- Provides the following maximum award \$4,000 (2016-2017)

TEACH Grant recipients must sign an "Agreement to Serve" which states that the student will:

- Teach at least four years in a public or private elementary or secondary school
- Teach full-time in a high-need field
- Teach in a school that serves students from low-income families
- If the teaching obligation is not completed, the TEACH Grant must be repaid as a Direct Unsubsidized Stafford Loan

Content

Federal Supplemental Opportunity Grant (FSEOG)

- Awarded first to students who will receive a Federal Pell Grant
- Targeted to neediest students
- Campus-based aid

Teacher Education Assistance for College and Higher Education (TEACH)

Grant Provides assistance to undergraduate and graduate students who are:

- ◆ Able to demonstrate certain academic achievements
 - ◆ Enrolled in an institution that participates in the TEACH program
 - ◆ Enrolled in coursework geared towards a career in the field of teaching
- The TEACH Grant is available to all students meeting these criteria, regardless of need
 - The maximum annual award is \$4000
 - **Note: Due to sequestration, award amounts for any TEACH Grant that is first disbursed on or after Oct. 1, 2015, and before Oct. 1, 2016, must be reduced by 6.8 percent from the award amount for which a recipient would otherwise have been entitled. Any TEACH Grant that is first disbursed on or after Oct. 1, 2016, and before Oct. 1, 2017, must be reduced by 6.9 percent. For more information click here:**

<https://studentaid.ed.gov/sa/about/announcements/sequestration>

TEACH Grant recipients must agree to teach full-time for at

- least four years in a specific subject at a school serving a high percentage of low income students (Title I school)
- If recipient does not fulfill service agreement, grant funds become an unsubsidized Stafford Loan.

Slide Thumbnail

Content

- ◆ Only students truly committed to teaching in high-need schools should be encouraged to accept TEACH Grant funds
- ◆ If students are not sure what subject they would like to teach, or in what type of school they would like to work, it would not be advisable for them to accept funds

Iraq & Afghanistan Service Grant

Slide 15

Iraq/Afghanistan Service Grant

Students whose parent or guardian died as a result of military service in Iraq or Afghanistan after September 11, 2001, may be eligible for additional Title IV aid.

Additional Student Eligibility Requirements:

- Less than 24 years old
- Enrolled in college at least part-time at the time of the parent's or guardian's death
- The award is equal to the amount of a maximum Federal Pell Grant for the award year (\$5,815) but cannot exceed cost of attendance for that award year.

Slide 15

- Children of soldiers who died as a result of service in Iraq or Afghanistan after 9/11/01 will automatically receive a zero EFC if they were under the age of 24, enrolled at an institution of higher education at the time of their parent's or guardian's death and would otherwise be eligible to receive a Pell Grant.
- If a student in this situation is not eligible for Pell, he or she will receive an Iraq and Afghanistan Service Grant equal to a maximum Pell Grant (not to exceed COA and reduced for part-time attendance).
- Colleges are required to provide counseling to students before disbursing funds
- Note: Due to sequestration, award amounts for any Iraq and Afghanistan Service Grant that is first disbursed on or after Oct. 1, 2015, and before Oct. 1, 2016, must be reduced by 6.8 percent from the award amount for which a recipient would otherwise have been entitled. Any Iraq and Afghanistan Service Grant that is first disbursed on or after Oct. 1, 2016, and before Oct. 1, 2017, must be reduced by 6.9 percent.

For more information click here:

<https://studentaid.ed.gov/sa/about/announcements/sequestration>

Slide 16

Federal Financial Aid Programs

Campus-Based Programs

- Federal Supplemental Educational Opportunity Grant (FSEOG)
- Federal Work-Study (FWS)
- Federal Perkins Loan

Slide 16

- Campus-Based Programs
 - Funds awarded to colleges, who select recipients
 - Criteria and award amounts vary by school
 - Federal Supplemental Educational Opportunity Grant (FSEOG)
 - ◆ Awarded first to students who will receive a Federal Pell Grant
 - ◆ Targeted to neediest students

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Slide 17



Federal Financial Aid Programs

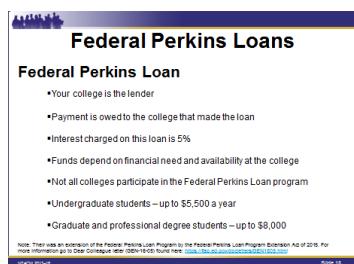
Work-Study

Provides part-time jobs for undergraduate and graduate students with financial need, allowing them to earn money to help pay education expenses

- Eligible employers (On-campus or off-campus employment)
 - Schools
 - Federal, state or local public agency
 - Private nonprofit organization
 - Community service activities
- Students are paid at least federal minimum wage
- Not all colleges participate in the Federal Work-study program and funding depends on availability at the college

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Slide 18



Federal Perkins Loans

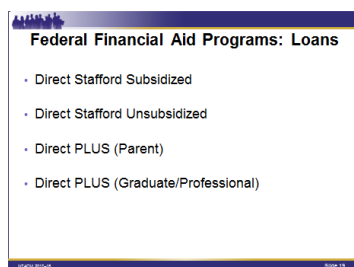
Federal Perkins Loan

- Your college is the lender
- Payment is owed to the college that made the loan
- Interest charged on this loan is 5%
- Funds depend on financial need and availability at the college
- Not all colleges participate in the Federal Perkins Loan program
- Undergraduate students – up to \$5,500 a year
- Graduate and professional degree students – up to \$8,000

Note: There was an extension of the Federal Perkins Loan Program by the Federal Perkins Loan Program Extension Act of 2015. For more information go to Dear Colleague letter (05-16-15) found here: <https://ifap.ed.gov/dpcletters/GEN1605.html>

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Slide 19



Federal Financial Aid Programs: Loans

- Direct Stafford Subsidized
- Direct Stafford Unsubsidized
- Direct PLUS (Parent)
- Direct PLUS (Graduate/Professional)

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Content

Federal Work-Study

- Allows students to work on or off campus
- Earnings do not count against future Title IV eligibility
- Money provided directly to the student so they can personally decide how to use funds, i.e. pay education expenses or for other purposes.

Federal Perkins Loan

- Low interest loan
- Awarded first to highest need students
- Repay after student is not attending at least half-time
- Note: There was an extension of the Federal Perkins Loan Program by the Federal Perkins Loan Program Extension Act of 2015. For more information go to Dear Colleague letter (GEN-16-05) found here:
<https://ifap.ed.gov/dpcletters/GEN1605.html>

Federal Financial Aid Programs: Loans

Federal Student Aid offers four types of loans: Direct Stafford Loans (Subsidized and Unsubsidized) and Direct PLUS loans for Parents and Graduates/Professionals

Slide Thumbnail

Slide 20

Direct Stafford Loans

<u>Subsidized Loans</u>	<u>Unsubsidized Loans</u>
<ul style="list-style-type: none">Government pays the borrower's accrued interest while you are attending college and other eligible periodsBased on Financial NeedFixed RateUndergraduate studentsAmount: \$3,500-\$8,000	<ul style="list-style-type: none">The borrower is responsible for the interest for the life of the loanNOT based on Financial NeedFixed RateUndergraduate and graduate students qualifyAmount: \$5,500-\$20,500

Slide 21

Direct Parent/Grad Plus Loan

PLUS loans originate through the William D. Ford Federal Direct Loan Program (Direct Loans).

Loan characteristics:

- For parents of dependent students
- Borrowers may receive loan amounts up to, but not exceeding the college's 'Cost of Attendance'
- Borrower is responsible for all the interest
- Borrower must not have a negative credit history

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Federal Direct Student Loan (Direct Loan) Program

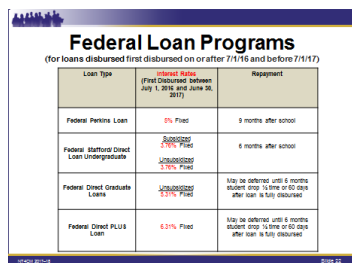
- Direct Stafford Subsidized Loan
 - ◆ Government pays the interest on the loan
- Direct Stafford Unsubsidized Loan
 - ◆ The borrower is responsible for paying the interest

Direct PLUS Loan

- Direct PLUS Loan (parent)
 - ◆ For parents of dependent students
 - ◆ Can take out loan to cover costs of student going to college
 - ◆ Borrower must not have adverse credit history
 - ◆ Fixed rate
- Direct PLUS (graduate/professional)
 - ◆ Graduate students can borrow money to cover education expenses
 - ◆ Fixed rate
 - ◆ See chart

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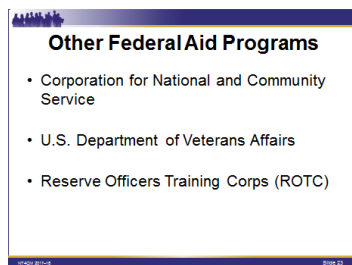
Slide 22



Federal Loan Programs
(for loans disbursed first disbursed on or after 7/1/16 and before 7/1/17)

Loan Type	Interest Rates (if first disbursed between July 1, 2016 and June 30, 2017)	Repayment
Federal Perkins Loan	5% Fixed	9 months after school
Federal Stafford Direct Loan Undergraduate	Subsidized 3.76% Fixed Unsubsidized 5.31% Fixed	6 months after school
Federal Direct Graduate Loans	Unsubsidized 5.31% Fixed	May be deferred until 6 months student drop 15 days or 60 days after loan is fully disbursed
Federal Direct PLUS Loan	6.31% Fixed	May be deferred until 6 months student drop 15 days or 60 days after loan is fully disbursed

Slide 23



Other Federal Aid Programs

- Corporation for National and Community Service
- U.S. Department of Veterans Affairs
- Reserve Officers Training Corps (ROTC)

Content

Note to Instructor: For the most current interest rates on federal loans, please refer to participants to studentaid.gov

- Federal Loan Interest Rates
 - The current interest rates for loans disbursed on or after beginning July 1, 2016 to June 30, 2017:
 - Direct Subsidized Loan (Undergrad): 3.76%
 - Direct Unsubsidized Loan (Undergrad): 3.76%
 - Direct Unsubsidized Loan (Grad): 5.31%
 - Direct Plus Loans for Parents: 6.31%
 - Direct Plus Loans for Graduate Students: 6.31%
 - Perkins Loan: 5%
 - For more information on all the federal financial aid programs (Federal Student Aid A Glance): <https://studentaid.ed.gov/sa/sites/default/files/aid-glance-2017-18.pdf>
- The interest rates are subject to changes based on laws passed by Congress:

Corporation for National and Community Service (AmeriCorps)

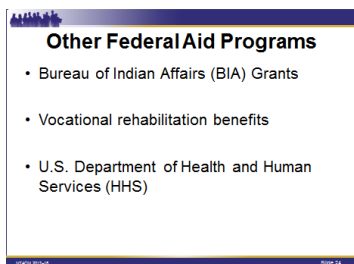
- National Civilian Community Corps (NCCC) and Volunteers in Service to America (VISTA)
- Each state has a commission to recruit participants and organize programs
- Awards may be used to pay past, present, and future college costs or to repay student loans
- U.S. Department of Veterans Affairs
 - Benefits for active duty, reservists, veterans, dependents, and survivors
 - Work-study program
 - Tutoring assistance

Slide Thumbnail

Slide 23 continued



Slide 24



Slide 25



Content

- Reserve Officers Training Corps (ROTC)
 - Aid provided in return for military service commitment
 - Army, Navy, Air Force, and Marines

Other Federal Aid Programs

- Bureau of Indian Affairs (BIA Grants)
 - Grants provided to students of Native American heritage
- Vocational rehabilitation benefits
 - Administered by state agencies
 - Provides services and aid for students with disabilities
- U.S. Department of Health and Human Services (HHS)
 - Programs for students in a variety of health professions
 - Loans, grants, and scholarships
 - May have service commitment

Other Sources of Aid

- Institutional or private tuition plans
 - Interest-free programs which allow families to pay direct costs over the course of several months
- Other family resources
 - Budget part of monthly income or use other resources to cover costs
- Home equity loans
 - These loans provide tax benefits
- Private/alternative loans

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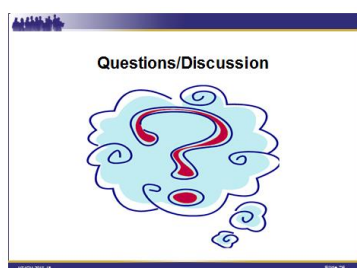
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- Loans provided by banks
- Not federal aid
- Student may need credit worthy co-signer
- Higher interest rates than federal student loans
- Tuition savings plans (529 plans)
 - Allows savings to grow tax free if distributions used for education
- Employer-sponsored tuition plans
 - If student is able to work while attending school, employer may provide tuition benefits
 - Parent's employer may provide tuition benefits for student

Slide 26



Note to Instructor: Answer any participant questions before moving on to the next training topic.

Slide 27



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